(b) The annual export of petroleum products in the year 2007-08 was worth Rs. 107603 crores as compared to Rs.79141 crores for 'gems and jewellery'.

(c) Apart from LPG and SKO, all other petroleum products are freely exportable.

Reduction of sales tax on petro-products

1661. SHRI RAJKUMAR DHOOT : Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Government announced steep hike in selling price of petrol, diesel and LPG in first week of June, 2008 and asked State Governments to reduce sales tax etc. to bring down prices;

(b) if so, the details thereof; and

(c) the position with regard to Union Territories?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) to (c) International prices of crude oil and petroleum products have remained volatile in the recent past. The Indian basket of crude oil, which averaged $79.25 per bbl during 2007-08 had gone up to $120.91 per barrel in May '08. It touched an all time high of $142.04 on 3.7.2008. In order to deal with huge under-recoveries of OMCs on sale of sensitive petroleum products, the Government had marginally increased the retail selling prices of Petrol, Diesel and Domestic LPG by Rs.5/- per litre, Rs.3/- per litre and Rs.50/- per 14.2 kg. cylinder respectively with effect from 5.6.2008.

In order to cushion the burden of the price hike on Petrol, Diesel and Domestic LPG effected on 5th June 2008, an appeal was made to the State Governments to moderate the State Taxes and to begin with, at least forego the incremental tax on the said increase on Petrol and Diesel prices. Based on this appeal, several State Governments like West Bengal, Bihar, Maharashtra, Gujarat, Uttar Pradesh, Kerala, Goa, Assam and Uttaranchal have reduced Sales Tax on Petrol and Diesel. The State Governments of Tamil Nadu, Haryana and Jharkhand have reduced Sales Tax on Diesel and the Union Territory of Chandigarh has reduced Sales Tax on Petrol. In addition, the State Governments of Maharashtra, Goa, Gujarat, Haryana, Uttaranchal and Uttar Pradesh as well as the Union Territory of Chandigarh have abolished the VAT on Domestic LPG. State Governments of Delhi and Andhra Pradesh have also provided State subsidy on Domestic LPG.

Setting up of refinery at Kakinada

1662. SHRI NANDI YELLAIAH: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Oil and Natural Gas Corporation (ONGC) is contemplating to setup a refinery with 15 million tonne a year capacity at Kakinada, Andhra Pradesh (AP) with an investment of Rs. 20,000 crores approximately;

(b) if so, the details in this regard;

(c) whether on the request of State Government of Andhra Pradesh his Ministry has directed ONGC to expedite preparatory work, like preparation of Draft Project Reports etc.; and

(d) if so, the outcome thereof and the progress made so far on this project?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) to (d) No, Sir. In the 13th meeting of Board of Directors of Kakinada Refinery & Petrochemicals Ltd. (KRPL) held on 23rd June 2008, wherein representative of Government of Andhra Pradesh also present, the management of Oil and Natural Gas Corporation Ltd. (ONGC) has conveyed its decision to withdraw from the project with immediate effect as the financial appraisal indicated that the project would not provide appropriate returns, even with enhanced capacity of 15 Million Metric Tonnes Per Annum (MMTPA).

Losses to ONGC

†1663. SHRI SHIVANAND TIWARI:

DR. MURLI MANOHAR JOSHI:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that Oil and Natural Gas Corporation (ONGC) produces 40 per cent of the total production of Natural Gas in country;

(b) if so, the details thereof;

(c) whether the company is facing heavy economic losses because of sale of gas at a price below the cost of production;

(d) if so, the estimated value of this loss during the year, 2007-08; and

(e) the average cost of the gas production to the company during the 2007-08 alongwith the formula adopted for fixing the production cost so far?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA PATEL): (a) and (b) Yes, Sir. Oil and Natural Gas Corporation Ltd. (ONGC) produces more than 40% of total production of Natural Gas in the Country. The total production of Natural Gas in the Country during the year 2007-08 was 32.405 Billion Cubic Meter (BCM) out of which ONGC produced 22.334 BCM (68.9%).

(c) and (d) Yes, Sir. ONGC is having economic loss in gas business. In 2007-08 ONGC made under-recoveries of Rs. 1570.76 crore from gas business.

(e) The average cost of production of gas by ONGC during 2007-08 is Rs. 3426 per Million Standard Cubic Meter (MSCM). Sales realization was Rs.3147/MSCM and under recoveries were Rs.279/MSCM.

Revision of prices of petroleum products

1664.DR. V. MAITREYAN : Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that the price of the crude oil has fallen drastically in the international market during the last four months;

(b) if so, the impact on the outflow of foreign exchange from the country due to this fall;

---

†Original notice of the question was received in Hindi